



WHAT WILL YOU SAY?



Updated Advocate's Guide to Mental Health & Disability Services Redesign

In early 2012, the Iowa Legislature passed a bill that made big changes in the state's adult mental health and disability services system. Lawmakers have spent the last two years on this redesign, which affects who gets services, the services available, and how these services are delivered and funded.

As with any major redesign, there have been bumps along this road to change. Whether these bumps in the road are patched up or left to form even bigger potholes is yet to be determined. If redesign is to improve services to the people who need them, legislators will need to fix these bumps in the road in 2014, including the long-term funding of this new system.

ID Action put together a comprehensive "**Advocate's Guide to Mental Health and Disability Services Redesign**" in 2012 to answer the "who, what, when, where and why" of redesign. While most of that information is still relevant, there are some important updates. This *Updated Advocate's Guide* will give you the most recent information about redesign, and help you understand how the changes made may affect you.

WHO will get services?



Medicaid services were not changed by redesign. Redesign only changed who pays for these services, not who is able to get them.

Regions no longer pay for Medicaid services – the state now pays the entire non-federal share. Regional funding now only pays for services not covered by Medicaid or to people not eligible for Medicaid.



Core Services Population: lowans with mental illness or lowans with an intellectual disability

The new regional system is now required to provide a basic set of services (called “core services”) to the following populations:

- lowans with intellectual disabilities earning up to 150% of the federal poverty level.
- lowans with mental illness earning up to 150% of the federal poverty level.

However, regions are only required to pay for services to these people *as long as funding is available*. If a region runs out of money, they will have to cut services or create waiting lists (just like they did before the redesign).


If there is enough money after providing services to these “core service populations,” regions can provide services to other populations, including:

- lowans with intellectual disabilities and mental illness earning up to 200% of the federal poverty level.
- lowans with developmental disabilities earning up to 200% of the federal poverty level.
- lowans with brain injuries earning up to 200% of the federal poverty level.

During the 2013 session, legislators made it clear that regions could continue to serve people who are not a part of the “core service population” if:

1. They served this group before redesign became law.
2. They have the money to pay for the services without cutting or reducing *core services*.

WHAT services will be available?



All regions will use the same functional assessments to determine a person's need for services.

One of the goals of redesign was to make sure people had access to the same services, no matter where they lived. However, redesign only requires regions to provide services as funding allows.

This goal can only be reached if there is enough money to make sure all regions can pay for the services people need. Regions will submit their first budget and service plan to the Department of Human Services on April 1, 2014. At that time, we will know which regions have enough money to pay for core services, and which regions can provide core plus services and services to other populations.

Core Services: Services regions must provide first.

Core Plus Services: Additional services regions can provide if they have enough money.

The following **core services** must be available in all regions – but only as funding allows.

- Assessment and evaluation
- Case management
- Crisis evaluation
- Day habilitation
- Family support
- Health homes
- Home and vehicle modification
- Home health aide
- Job development
- Medication prescribing and management
- Mental health inpatient and outpatient treatment
- Peer support
- Personal emergency response system
- Prevocational services
- Respite
- Supported employment
- Supportive community living
- 24-hour access to crisis response



A region may fund *core plus* services – but only after core services are funded. Core plus services are mental health services for people in crisis. Regions may provide other services, identified through a person-centered planning process if they can show the service is effective and consistent with the US Supreme Court's "Olmstead Decision."

WHERE will I get these services?

There will be 15 new Mental Health & Disability Services Regions. Only one county received a waiver to operate as a single-county region (Polk County) – the rest met the three-county minimum requirement.

Counties now have until July 1, 2014 to start operating as a region to deliver non-Medicaid mental health and disability services. Many will be ready to go before this deadline. There is a lot of work that goes into the development of a region – appointing boards, figuring out how money will be shared, developing a plan to meet core services, deciding what to do if there isn't enough money to pay for those services, hiring staff or redefining current staff roles, and

working with providers. Regions are working on all of this now, so they can be ready to go by the July 2014 deadline.

Regions must guarantee that a person will not have to travel too far for most of their services, including service coordination (30 miles for people living in urban areas and 45 miles for people living in rural areas).

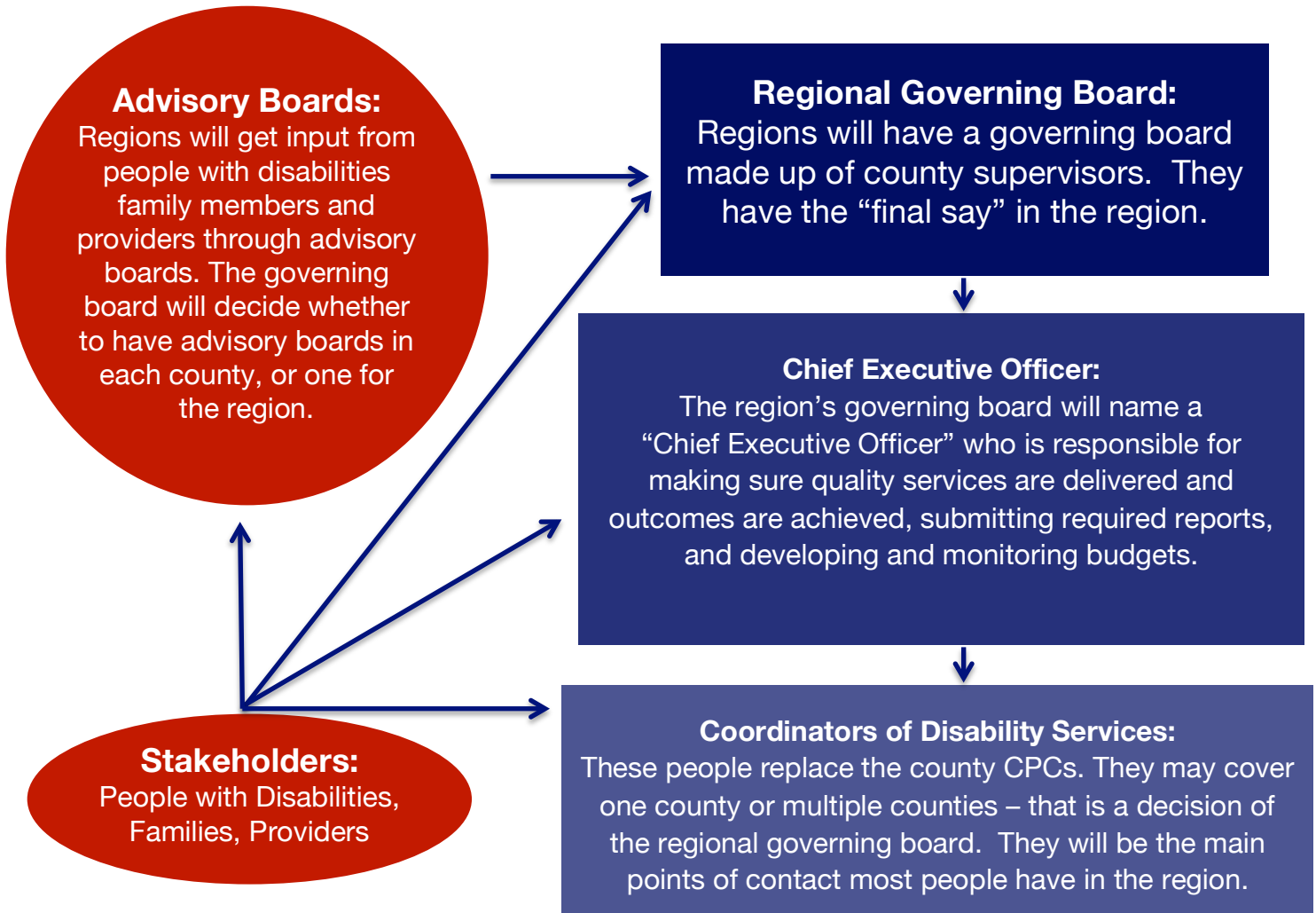
Regions must also guarantee inpatient hospital services are available within 100 miles, and must have a provider network that is big enough to avoid waiting lists for core services.

This may be tough for some regions because not all areas of the state have a variety of providers, and providers for all core services.



WHERE will I get these services?

Who will make decisions in the region?



Appealing a Regional Decision

People have the right to appeal decisions made by their region. Before redesign, appeals were handled differently in each county. That led to confusion about the appeals process.

Under the new system, each region will have an appeal process that has the final decision made by an Administrative Law Judge. Regions will outline the entire appeal process in their management plans that are due on April 1, 2014. The process is outlined in state law to guarantee fairness.

HOW is the new system funded?

Iowa now has two interconnected adult mental health and disability services systems:



MEDICAID. The state now pays for all services to those who are eligible for Medicaid, including services provided through Home and Community Based Services (HCBS) waivers.

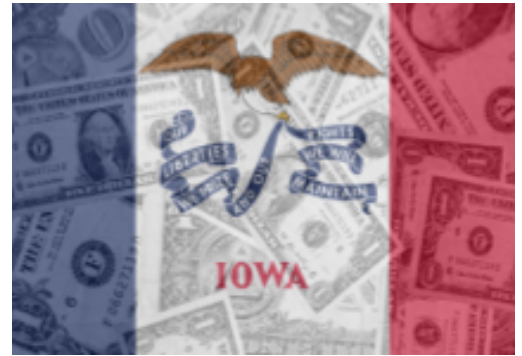
Where do they get the money to pay for Medicaid? The Department of Human Services receives money from the Iowa Legislature to pay for Medicaid services, including those offered through Medicaid waivers. If legislators do not give the Department enough money, there are waiting lists. Right now, several waivers have waiting lists (*legislators added money in 2013 to reduce these waiting lists, but the Governor vetoed it because he did not feel it was a successful long-term solution*).



REGIONAL NON-MEDICAID. Regions now pay for non-Medicaid services – services that are not covered by Medicaid and services to people who are not eligible for Medicaid.

Where do they get the money to pay for these non-Medicaid services? Regions will pay for services through a combination of county property taxes and state “equalization” payments. This is how it will work:

- **Counties will be allowed to collect up to \$47.28 per person living in that county from property taxes.** Counties that had been collecting more were required to lower their property taxes. That means they will collect less money locally, and they won’t get any additional money from the state. Services in these 45 counties will be entirely locally funded (unless other counties in their region share funds).
- **Counties whose levies are less than \$47.28 per person will get a state “equalization” payment that will bring them up to the \$47.28 level.** These funds come from the Iowa Legislature, which must annually provide the funds for equalization. The services in these 54 counties will be funded with a mix of state and local funds. In some cases, these funds may be more than enough, and they can share the extra with other counties in their region. In other cases, it still may not be enough to provide core services to everyone that needs them.



Regions vs. Counties

You may have noticed that when we talk about funding, we keep talking about counties, not regions. That’s because redesign did not regionalize the funding of the system – just the management of those services.

So while redesign requires counties to work together as a region to plan for services, and manage the delivery of those services, it is still up to each county to pay for the services.

Some legislators expect counties in a region to share (or “pool”) their money to pay for services, but the law does not require it.

Legislators could require counties to pool their money, or they could replace the county property tax with a regional one.

For the time being, the services in each county in the region will be the same, but the ability of each county to pay for those services may vary.

HOW is the new system funded?

Regions may see some savings because of health care reform, but instead of using these savings to improve services, they will have to send most of it back to the state!

In 2013, the Iowa Legislature created a “risk pool” to help counties that continue to have financial problems or were negatively affected by the end of legal settlement. The Governor vetoed the risk pool money, saying the new Iowa Health & Wellness Plan will “drastically reduce the demand for county services.”

For 2014 and beyond, there is no additional “risk pool” to help counties and regions that experience short term funding problems. Legislators could consider a permanent risk pool, like the one in place before the redesign.

The federal Affordable Care Act allowed states to expand health care coverage to anyone earning up to 138% of the federal poverty level. Iowa did this by creating two new programs:

- **Iowa Wellness Plan:** Iowans earning up to 100% of the federal poverty level will now be eligible for a special Medicaid plan that offers benefits similar to the State Employee Health Plan.
- **Iowa Marketplace Choice Plan:** The State will buy private insurance for people earning between 101-138% of the federal poverty level.

Anyone eligible for these programs that needs a lot of services (called “medically frail”) will be served through Medicaid.

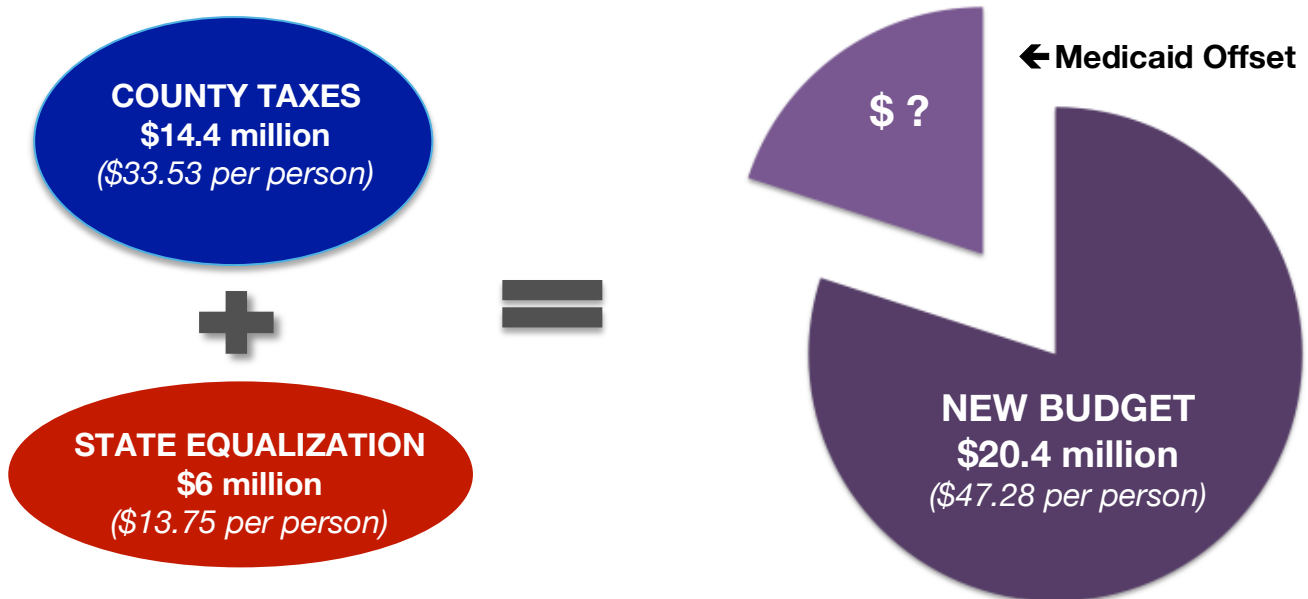
During negotiations over redesign and health care reform, it was determined that counties would likely see some savings – as people that had been receiving locally funded “non-Medicaid services” will become eligible for some of those services under these two plans. Their services would then be state funded, not locally funded, saving county funds used for non-Medicaid MH/DS services. **Instead of allowing counties to use those savings to improve regional services, they are required to annually repay 80% to the state beginning July 1, 2014.**



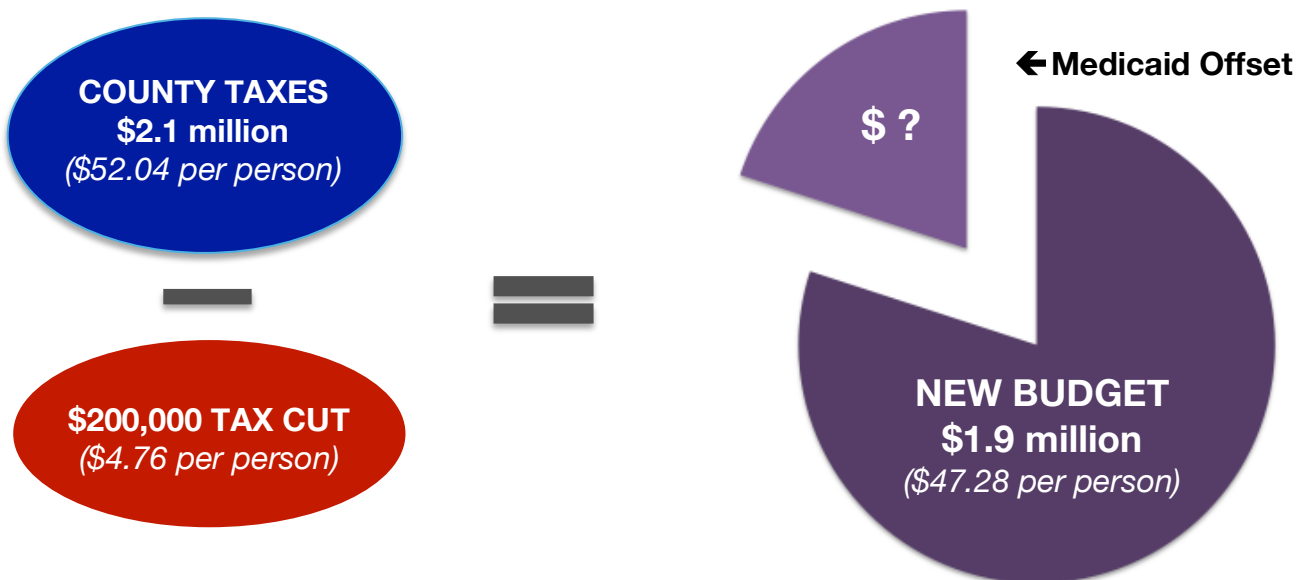
This repayment is called the “Medicaid Offset.” Counties had wanted to reinvest any savings they see into developing core services and expanding provider networks. Instead, most of the savings will go back to the state. It is not known how counties/regions will be able to track savings, and what the impact may be on core services. The MH/DS Fiscal Viability Study Committee will review this issue in the fall of 2013.

HOW is the new system funded?

Here is an example of how **equalization** works in the 54 counties that receive state funds for non-Medicaid services. In this example, we use Polk County.



This is an example of how services in the 45 counties that are not able to get state funds, and had to cut their local taxes (Marshall County was used in this example).



If a county's offset savings is more than the money it gets from equalization (or it is one of the 45 counties that do not get equalization), the county must reduce its property taxes. So if a county's offset is \$2 million, but it only receives \$1 million in equalization, the county must reduce property taxes by \$1 million. If that county is one that doesn't get equalization from the state, it must reduce property taxes by the full \$2 million.



WHAT is next?



Redesign is a long process, but its success depends on one thing. Funding.

Counties must begin to work together as a region by July 1, 2014. They are busy planning for:

- Staff changes and governing/advisory board members
- Provider contracts
- Funding changes (how much money they have, pooling)
- Core services available (and ability to pay for core plus)
- Funding shortfalls (offset and shift to residency)

The goal of redesign was to improve the mental health and disability services system. There were a lot of changes made when the system was redesigned, but those changes can only be made if there is enough funding to:

- Pay for the full menu of regional core services.
- Pay for regional core plus services (like jail diversion).
- Make sure there are providers to meet demands.
- Serve all that need services (adding DD and BI).
- Reduce or eliminate Medicaid waiver waiting lists.

Here are some challenges ahead for the Governor and Iowa Legislature:

- Stabilizing regional service system funding.
- Determining the effect of offset & change to residency.
- Dealing with ongoing regional/county funding shortages.
- Addressing property tax inequities statewide and in region.
- Developing a plan for provider and service gaps.
- Dealing with workforce shortages.
- Addressing growing Medicaid waiting lists.
- Rebalancing the system (deinstitutionalization).
- Preventing cost shifting between Medicaid and region.
- Redesigning the children's MH/DS system.
- Criminal justice changes (jail diversion, treatment).
- Balancing regional flexibility with statewide uniformity.

Iowa's old system of "legal settlement" ended on July 1, 2013.

Now the county where a person lives pays for their services.

Some people moved to other counties to get services – but under legal settlement their home county paid the bill for those services. Now that legal settlement has ended, the county where they live will now pay the bill.

This may have caused some counties to have financial problems.

About us...

Iowans with Disabilities in Action (ID Action) is a non-profit, nonpartisan organization that encourages Iowans of all abilities to get involved in their communities and make their voices heard where public policy is discussed. ID Action provides opportunities for involvement, tools to help advocates be effective, and information through public policy resources like *infoNET*.

This document is an update to the more comprehensive "Advocate's Guide on Mental Health and Disability Services Redesign." More information is available on our websites:

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